

**4/13/77**

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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
letter w./att.	<del>From Nell to The President Re: Multi-Fiber Textile Arrangement meeting (7pp.)</del> <i>Open 6/4/04</i>	4/13/77	A

## FILE LOCATION

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## RESTRICTION CODES

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~~3:30 p.m.~~  
3:25

THE PRESIDENT'S OFFICE

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

MR. PRESIDENT:

Landon Butler wanted to point out that Ambassador Strauss' briefing memorandum for the 3:30 p.m. meeting did not include the participants. They are:

Mr. George Meany, President, AFL-CIO

Mr. Sol Chaikin, President, ILGWU

Dr. Lazare Tepper, ILGWU

Mr. Murray Finley  
Amalgamated Clothing & Textile Workers Union

Mr. Jacob Scheinkman  
Secretary/Treasurer  
Amalgamated Clothing & Textile Workers

Landon did not know until this morning that Mr. Meany would be among the participants.

Nell

3:30

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON  
20506

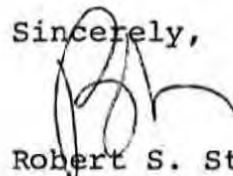
April 12, 1977

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

Attached hereto is a brief memorandum for the MFA meeting on Wednesday at 3:30 p.m. As you know, I will be present and prepared to take as much lead as you deem appropriate. It might be well for me to spend five minutes with you quietly before the meeting.

Sincerely,



Robert S. Strauss

Enclosure

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for Preservation Purposes



~~CONFIDENTIAL~~

Several high officials of the two major textile trade unions have asked to meet with you on Wednesday, April 13. The purpose of their visit is presumably to ask you to reconsider the Administration's position on renewal of the Multilateral Multi-fiber Textile Arrangement (MFA). (You previously talked to textile management officials on February 9 in the Family Theater.)

Background:

On March 7, the Economic Policy Group considered the matter of MFA renewal and determined that the United States should press for early MFA renewal without substantive change to its text. At the same time, the EPG determined that in future bilateral agreements, the United States should take all appropriate steps to negotiate lower annual growth rates and other measures to ease the import burden on textile and apparel categories already adversely impacted by low cost imports. These decisions were formally stated on March 11 in EPG Memorandum #8 (copy attached).

The two major textile unions and some sectors of the textile industry are unhappy with the Administration's position. They would like to join with the European Community and Canada in pressing for more restrictive (i.e., protectionist) changes during the current MFA renewal negotiations. The U.S. textile labor leaders have specifically called for amending the MFA to reduce the 6 percent growth provision to 3 percent and to modify some of the provisions which grant exporting countries flexibility re quota periods and product mixes.

It is the view of the EPG and the interagency government textile officials that such restrictive changes to the MFA are neither necessary nor negotiable. Hence, while you should listen to the union officials sympathetically, I believe you should make the following points:

Talking Points (see attachment)

DETERMINED TO BE ADMINISTRATIVE  
DATE 5/4/04

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Talking Points

1. The MFA renewal matter has been carefully reviewed at the highest level of government; early renewal is judged to be in the best interests of both the textile industry and overall U.S. policy.
2. We believe the surest course for early renewal of the MFA is to press for renewal with no substantive changes because
  - (a) further restrictive changes are unacceptable to the exporting countries and hence, not negotiable, and
  - (b) they are not necessary to achieve our objectives.
3. We believe the concerns expressed by the labor unions about textile imports can be met by tough negotiations of our bilateral agreements under the existing MFA, especially with the major suppliers, such as Hong Kong, Korea and Taiwan, rather than by seeking changes in the MFA.
4. Bob Strauss will be personally following the textile negotiations -- both multilateral and bilateral -- and I have told him to take all appropriate measures in the bilateral negotiations to ensure that the textile and apparel industries are not ravaged by imports.
5. I want to emphasize that you can be sure my Administration is committed to ensuring the long term viability of this industry and its more than 2.2 million workers.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

ECONOMIC POLICY GROUP

EPG Announcement No. 8

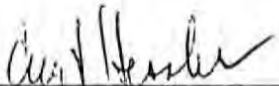
March 11, 1977

MEMORANDUM FOR MEMBERS OF THE ECONOMIC POLICY  
GROUP

Subject: Textiles

The EPG has agreed that the Chief Textile Negotiator should be given the negotiating instructions at Tab A concerning renewal of the Multifiber Textile Arrangement (MFA).

The EPG has also agreed that our textile negotiators should pursue the course at Tab B concerning negotiation of bilateral textile import restraint agreements.

  
Curt Hessler  
Executive Assistant to  
the Chairman  
Main Treasury, Room 3413  
Telephone: 566-5901

Attachments

CLASSIFIED BY MICHAEL B. SMITH, CHIEF TEXTILE NEGOTIATOR,  
STR. SUBJECT TO GDS.

~~CONFIDENTIAL~~

g 6/4/64

~~CONFIDENTIAL~~

TAB A

At the March 16 meeting of the GATT Textiles Committee, the U.S. Chief Textile Negotiator should reaffirm U.S. support for early renewal of the MFA without substantive change to the text.\* The Negotiator should oppose proposals to reduce the MFA's minimum growth rate and other proposals which would endanger prospects for early renewal. Consistent with the preceding sentence, the Negotiator should be certain that the U.S. Government will be assured all benefits that may accrue in the MFA negotiating process.

---

\* Certain technical changes with respect to dates, periods of accession, etc. will probably be required.

~~CONFIDENTIAL~~

CONFIDENTIAL

Tab B

With respect to bilateral textile negotiations, the U.S. negotiators will make special efforts, particularly with the principal foreign suppliers of textiles and apparel to the United States, to prevent disruption in highly impacted categories by appropriate use of selective lower growth rates, limited flexibility, and other measures.

CONFIDENTIAL

THE WHITE HOUSE  
WASHINGTON

Luns  
4/13/77

5/10 Council mtg  
European countries weak  
Difficult to strengthen NATO  
US relatively strong  
Procedures → results

Greece / Turkey  
↓  
Annoyance / Paranoia

All NATO members agree  
US / Spain relations

Gr B - Norway, Denmark, Netherlands  
(oppose Spain)

Summit <sup>Luns</sup> 4/13/77  
CSCE  
SALT - MBFR  
Africa  
Strengthen NATO -  
involve leaders of state  
EC vs NATO  
Improve - 1980's  
Overlap  
France  
Sec Gen Luns  
van Campen



PAGE 6  
THE PRESIDENTIAL RECORD

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Highlights - SST Draft  
Environmental Impact Statements

Background

In your response to a recent memo from Secretary Adams you asked for an explanation of the Draft Environmental Impact Statement on SST Noise Rules.

Discussion

The Draft Environmental Impact Statement is essentially an extensive options paper for administrative action leading to the promulgation of noise rules or operational regulations applicable to supersonic aircraft. Specific government action is not recommended. The EIS evaluates potential environmental impact in three impact categories ranging from "worst case" (operation of 30 to 40 SST's in U.S. without noise rules) to "baseline" (total ban on SST's).

Secretary Adams is concerned that comments contained in the EIS concerning the "worst case" category will be taken out of context and used to stir anti-Concorde sentiments.

Briefly, the EIS worst case analyses indicate that:

- 1) "by 1987 with potential operations of first generation SST's at 12 representative U.S. airports, significantly more airport neighbors would be exposed to NEF 30 and greater noise levels (NEF, noise exposure forecast, is a measure of noise effect used by land planners. An NEF value above 40 usually renders an area unsuitable for residential use);
- 2) low-altitude engine emissions would not cause a measurable effect on ambient air quality;
- 3) upper atmospheric pollution from aircraft emissions will increase, possibly causing some ozone depletion and a potential increase in the amount of the ultraviolet radiation from the sun."

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for Preservation Purposes**



Finally, the EIS notes (with several important qualifying statements) that data from the Dulles demonstration show that, "On takeoff Concorde is approximately twice as loud as the B-707. On approach they have approximately the same loudness."

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

Z. Brzezinski  
Bert Lance

For your information the attached memorandum has been signed by the President and given to Bob Linder for distribution.

Rick Hutcheson

Re: Future Commitments to  
Foreign Governments

cc: Bob Linder

*cc Jim Murphy  
Economic Policy*

12 4/7

THE WHITE HOUSE  
WASHINGTON

*cc of document  
signed document  
to Linder in  
Brazoria*

ACTION  
FYI

MONDALE  
COSTANZA  
EIZENSTAT  
JORDAN  
LIPSHUTZ  
MOORE  
POWELL  
WATSON

ENROLLED BILL  
AGENCY REPORT  
CAB DECISION  
EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

FOR STAFFING  
FOR INFORMATION  
X FROM PRESIDENT'S OUTBOX  
LOG IN/TO PRESIDENT TODAY  
IMMEDIATE TURNAROUND

ARAGON  
BOURNE  
X BRZEZINSKI  
BUTLER  
CARP  
H. CARTER  
CLOUGH  
FALLOWS  
FIRST LADY  
GAMMILL  
HARDEN  
HOYT  
HUTCHESON  
JAGODA  
KING

KRAFT  
X LANCE  
X LINDER *for distrib.*  
MITCHELL  
POSTON  
PRESS  
B. RAINWATER  
SCHLESINGER  
SCHNEIDERS  
SCHULTZE  
SIEGEL  
SMITH  
STRAUSS  
WELLS  
VOORDE

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Lipshutz and Brzezinski concur with Lance's memo, attached.

Brzezinski proposes one change. He would give NSC, with OMB, joint responsibility for clearing proposals to provide funds in addition to approved budgets to foreign governments or international organizations. He proposes adding "the Assistant to the President for National Security Affairs" to the first sentence, final paragraph, of Lance's proposed presidential memorandum.

The proposed presidential memo as drafted by Lance is at Tab A.

The proposed presidential memo as amended by Brzezinski is at Tab B.

ONE SIGNATURE IS REQUESTED.

---Rick



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

APR 6 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Thomas B. Lance  
Director

SUBJECT: Future Commitments to Foreign Governments

Problems concerning inadequately staffed and reviewed budgetary commitments to foreign governments and international organizations and two steps to alleviate the budgetary impact of these problems are discussed below. I recommend that you sign the memorandum at Tab A in order to minimize the danger of having your decisions on future budget priorities preempted by piecemeal commitments to foreign governments.

Out-of-cycle budget decisions on new commitments to foreign governments and international organizations are often required by ongoing negotiations and unforeseen international events. These decisions are particularly difficult if the committing agency intentionally or inadvertently fails to get appropriate OMB review and Presidential approval in advance. Two types of problems are prevalent.

First, the tactical requirements of negotiations often require tentative indications of U.S. financial intentions fairly early in the process. These initial positions, however, often become binding minimum commitments, thereby raising the question of the most appropriate timing and arrangements for OMB review and Presidential approval. This type of problem is likely to arise in the approaching base negotiations with the Philippines and Portugal.

Second, U.S. representatives to international organizations and conferences usually want to be supportive of emerging consensus initiatives, even though they might not meet the test of U.S. budget priorities once formally proposed. In these situations, the United States can find itself in the awkward position of not being willing to fund initiatives which U.S. Government representatives supported. The recent two year impasse over a U.S. contribution to the United Nations University is a good example of the potential problems in this area.

I believe there are two steps necessary to minimize the likely problems associated with insufficiently reviewed new commitments to foreign governments and international organizations.

(1) A clear Presidential statement. The problem is not new and your predecessors have found it necessary to indicate formally their desire that all such commitments be thoroughly reviewed.

- President Truman signed the letter at Tab C.
- President Eisenhower approved the NSC action 1550 at Tab C.
- President Ford issued the memorandum at Tab C.

(2) An improved interagency process. My primary concern is that any new commitment proposals be reviewed by OMB and approved by you in advance. In addition, I believe an improved interagency process is also needed to assure that the State Department is being kept informed of all potential new commitments by other agencies when dealing with foreign governments. The need for a process which insures State's central role is becoming more critical as the extent of domestic agency interaction with foreign governments continues to increase.

The memorandum at Tab A would implement these steps.

Attachments

cc: Mr. Zbigniew Brzezinski  
National Security Council

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR:

SECRETARY OF STATE  
SECRETARY OF THE TREASURY  
SECRETARY OF DEFENSE  
DIRECTOR, OFFICE OF MANAGEMENT  
AND BUDGET  
ASSISTANT TO THE PRESIDENT FOR  
NATIONAL SECURITY AFFAIRS

SUBJECT:

Future Commitments to Foreign  
Governments

United States participation in international negotiations and organizations often requires the commitment of resources beyond approved budgets and outside the regular annual budget review cycle. Prudent management and effective control of our budgetary resources require that commitments to provide foreign aid or other assistance in such circumstances be subject to the same careful review and competition for resources as are applied to all claims on our resources in the annual budget review.

Future budgetary resources may be committed by formal or informal promises of assistance, even though these promises are qualified as being subject to future authorization and appropriation. Commitments of this kind may preempt decisions on future year budgets and reduce flexibility to respond to new requests. For these reasons, a specific Presidential determination to seek additional funds is essential before promises or commitments are made or implied.

All proposals to provide funds beyond or in addition to approved budgets to foreign governments or international organizations should, therefore, be submitted to me for approval through the Director of the Office of Management and Budget before any commitment, formal or informal, is made. I am further directing the Director of the Office of Management and Budget together with the Assistant to the



President for National Security Affairs and the Secretary of State to review existing directives and procedures and make such changes as are necessary to ensure timely and expeditious processing of new commitment proposals.

✓

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR: SECRETARY OF STATE  
SECRETARY OF THE TREASURY  
SECRETARY OF DEFENSE  
DIRECTOR, OFFICE OF MANAGEMENT  
AND BUDGET  
ASSISTANT TO THE PRESIDENT FOR  
NATIONAL SECURITY AFFAIRS

SUBJECT: Future Commitments to Foreign  
Governments

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All proposals to provide funds beyond or in addition to approved budgets to foreign governments or international organizations should, therefore, be submitted to me for approval jointly through the Director of the Office of Management and Budget and the Assistant to the President for National Security Affairs before any commitment, formal

or informal, is made. I am further directing the Director of the Office of Management and Budget together with the Assistant to the President for National Security Affairs and the Secretary of State to review existing directives and procedures and make such changes as are necessary to ensure timely and expeditious processing of new commitment proposals.

x Jimmy Carter

THE WHITE HOUSE  
WASHINGTON

Date: April 7, 1977

MEMORANDUM

FOR ACTION:

The Vice President *nc*  
Stu Eizenstat *nc*  
Bob Lipshutz *concur*  
Jack Watson *nc*  
Zbigniew Brzezinski *- attached*  
Jim Fallows *NC*

FOR INFORMATION: Bob Linder

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance memo 4/6 re Future Commitments to  
Foreign Governments.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 11:00 A.M.

DAY: Saturday

DATE: April 9, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

APR 6 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Thomas B. Lance (SIGNED) B. LANCE  
Director

SUBJECT: Future Commitments to Foreign Governments

Problems concerning inadequately staffed and reviewed budgetary commitments to foreign governments and international organizations and two steps to alleviate the budgetary impact of these problems are discussed below. I recommend that you sign the memorandum at Tab A in order to minimize the danger of having your decisions on future budget priorities preempted by piecemeal commitments to foreign governments.

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First, the tactical requirements of negotiations often require tentative indications of U.S. financial intentions fairly early in the process. These initial positions, however, often become binding minimum commitments, thereby raising the question of the most appropriate timing and arrangements for OMB review and Presidential approval. This type of problem is likely to arise in the approaching base negotiations with the Philippines and Portugal.

Second, U.S. representatives to international organizations and conferences usually want to be supportive of emerging consensus initiatives, even though they might not meet the test of U.S. budget priorities once formally proposed. In these situations, the United States can find itself in the awkward position of not being willing to fund initiatives which U.S. Government representatives supported. The recent two year impasse over a U.S. contribution to the United Nations University is a good example of the potential problems in this area.

I believe there are two steps necessary to minimize the likely problems associated with insufficiently reviewed new commitments to foreign governments and international organizations.

(1) A clear Presidential statement. The problem is not new and your predecessors have found it necessary to indicate formally their desire that all such commitments be thoroughly reviewed.

- President Truman signed the letter at Tab B.
- President Eisenhower approved the NSC action 1550 at Tab C.
- President Ford issued the memorandum at Tab D.

(2) An improved interagency process. My primary concern is that any new commitment proposals be reviewed by OMB and approved by you in advance. In addition, I believe an improved interagency process is also needed to assure that the State Department is being kept informed of all potential new commitments by other agencies when dealing with foreign governments. The need for a process which insures State's central role is becoming more critical as the extent of domestic agency interaction with foreign governments continues to increase.

The memorandum at Tab A would implement these steps.

#### Attachments

cc: Mr. Zbigniew Brzezinski  
National Security Council



Date: April 7, 1977

MEMORANDUM

FOR ACTION:

The Vice President  
Stu Eizenstat  
Bob Lipshutz  
Jack Watson  
Zbigniew Brzezinski  
Jim Fallows

FOR INFORMATION: Bob Linder

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance memo 4/6 re Future Commitments to  
Foreign Governments.

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DAY: Saturday

DATE: April 9, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.

☐ No comment.

Please note other comments below:



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April 7, 1977

MEMORANDUM

**FOR ACTION:**

The Vice President  
Stu Eizenstat  
Bob Lipshutz  
Jack Watson  
Zbigniew Brzezinski  
Jim Fallows ✓

**FOR INFORMATION:** Bob Linder

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Lance memo 4/6 re Future Commitments to  
Foreign Governments.

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:** 11:00 A.M.

**DAY:** Saturday

**DATE:** April 9, 1977

**ACTION REQUESTED:**

☒ Your comments

**Other:**

OK with me Jim F

**STAFF RESPONSE:**

☐ I concur.

☐ No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

*Bob  
Linder*

*Future Committee  
Gov.*

ACTION  
FYI

<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input checked="" type="checkbox"/>	FALLOWS
<input checked="" type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING


<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

1997

THE WHITE HOUSE  
WASHINGTON

April 11, 1977

MEMORANDUM FOR: RICK HUTCHESON

FROM: ZBIGNIEW BRZEZINSKI 

SUBJECT: Comments on Bert Lance's Memo:  
"Further Commitments to Foreign  
Governments"

I concur with Bert Lance's memo to the President except for one change which I believe would facilitate the decision-making process while ensuring that the President has the recommendation of OMB before making his decision.

I would change the first sentence of the final paragraph to read, "All proposals to provide funds beyond or in addition to approved budgets to foreign governments or international organizations should, therefore, be submitted to me for approval jointly through the Director of the Office of Management and Budget and the Assistant to the President for National Security Affairs before any commitment, formal or informal, is made." I believe that this preserves the spirit of Bert's recommended memo while ensuring that the President at the same time receives advice on the foreign policy significance of the issue.

This suggestion is by no means an attempt to dilute the thrust of Bert's suggested memo, but merely to insure that the President has the advice of the NSC and OMB when he makes his decisions and that these groups have joint responsibility for clearing these decisions with the President.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: SECRETARY OF STATE  
SECRETARY OF THE TREASURY  
SECRETARY OF DEFENSE  
DIRECTOR, OFFICE OF MANAGEMENT  
AND BUDGET  
ASSISTANT TO THE PRESIDENT FOR  
NATIONAL SECURITY AFFAIRS

SUBJECT: Future Commitments to Foreign Governments

United States participation in international negotiations and organizations often requires the commitment of resources beyond approved budgets and outside the regular annual budget review cycle. Prudent management and effective control of our budgetary resources require that commitments to provide foreign aid or other assistance in such circumstances be subject to the same careful review and competition for resources as are applied to all claims on our resources in the annual budget review.

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All proposals to provide funds beyond or in addition to approved budgets to foreign governments or international organizations should, therefore, be submitted to me for approval through the Director of the Office of Management and Budget before any commitment, formal or informal, is made. I am further directing the Director of the Office of Management and Budget together with the Assistant to the President for National Security Affairs and the Secretary of State to review existing directives and procedures and make such changes as are necessary to ensure timely and expeditious processing of new commitment proposals.

Date: April 7, 1977

MEMORANDUM

FOR ACTION:

The Vice President  
Stu Eizenstat  
Bob Lipshutz  
Jack Watson  
Zbigniew Brzezinski  
Jim Fallows

FOR INFORMATION: Bob Linder

1977 APR 7 PM 1 24

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance memo 4/6 re Future Commitments to  
Foreign Governments.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 11:00 A.M.

DAY: Saturday

DATE: April 9, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

☒ No comment.



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

Joe Aragon  
Hamilton Jordan

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

Re: Upcoming Visit by Governor  
Briscoe and Status of ZCEDC

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

April 12, 1977

*Joe - Ham  
This is very  
disappointing -  
J.C.*

MEMORANDUM FOR: THE PRESIDENT  
FROM: JOE ARAGON JA  
SUBJECT: UPCOMING VISIT BY GOVERNOR DOLPH  
BRISCOE - STATUS OF ZAVALA COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
(ZCEDC)

---

As a result of the recommendations made by John Harmon of the Justice Department, a determination regarding suspension or termination proceedings on the Zavala County Economic Development Corporation will be made at the conclusion of the feasibility study currently underway in Zavala County.

In light of the fact that the Justice Department investigation was unable to establish reasonable grounds for suspension or termination of the project at this time, the only alternative left to the agency and the one recommended by John Harmon is to examine the results of the feasibility study with a view to possible termination of the project.

In preparation for this, meetings have been held with the General Counsel of OMB, the Acting Director of the Community Services Administration (who, incidentally is very reluctant to institute termination proceedings), the Director-Designate of the CSA and other OMB personnel familiar with the CSA.

Two CSA national staff members are currently in Texas attempting to expedite the completion of the feasibility study.

~~I am attaching a copy of John Harmon's memorandum for your information. The key points are underscored in blue ink.~~

I have apprised Harry McAdams, Governor Briscoe's representative, of the status of Zavala.

**Electrostatic Copy Made  
for Preservation Purposes**



THE WHITE HOUSE  
WASHINGTON

cc  
Aragon  
Jordan

ACTION  
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input checked="" type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
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<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

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<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

UNITED STATES GOVERNMENT

DEPARTMENT OF JUSTICE

# Memorandum

*attachment  
not submitted*

TO : Joseph W. Aragon  
Special Assistant to the President

DATE: MAR 8 1977

FROM : John M. Harmon *JMH*  
Acting Assistant Attorney General  
Office of Legal Counsel

SUBJECT: Suspension/Termination of Community Services  
Administration Grant to Zavala County Economic  
Development Corporation

This memorandum is a summary of our conclusions regarding the above referenced subject.

The issue is whether there now exists a sufficient basis either to suspend summarily (without advance notice to the grantee) or to initiate suspension proceedings with respect to the Community Services Administration (CSA) operational grant presently held by the Zavala County Economic Development Corporation (ZCEDC); suspension by either method is the necessary first step for terminating the grant altogether.

In early 1975 Zavala County, Texas applied to CSA for and received a \$49,900 "pre-planning" grant, the purpose of which was to lay the groundwork for the creation of a non-profit Community Development Corporation to be funded under Title VII of the CSA Act of 1974. CSA concluded that the county satisfactorily completed the requirements of this grant by establishing ZCEDC and thereafter awarded a "planning" grant to ZCEDC of \$149,944.00 to cover the period 11-1-75 to 10-31-76.

Although ZCEDC had exhausted the funds of this latter grant by 7-31-76, CSA determined that the purposes of the grant had been fulfilled and awarded the current 1.5 million dollar "operational" grant on 8-10-76, effective retroactively from 8-1-76 to 7-31-78. By virtue of OMB Circular A-95 a state is to be given an opportunity to review and comment on such a proposed grant. CSA failed to comply

with this procedure. For this reason, among others, the state of Texas filed suit in a Federal District Court in Austin attempting to halt funding of the grant. This seems to mark the beginning of what has developed into a large-scale controversy concerning the grant to ZCEDC.

Investigations by the state, various personnel of CSA and a House Subcommittee, which was conducting an independent review of CSA activities, developed information establishing that ZCEDC violated certain CSA requirements with respect to the level of salaries for its staff, the contracts and amounts paid to consultants, the amounts spent and documentation thereof for travel expenses, the prohibition against conflicts of interest, as well as the internal accounting and control systems maintained by ZCEDC. In addition, questions were raised concerning ZCEDC's expenditures in excess of its budget in certain area, and its overall competence to administer and achieve the goals of the operational grant. To date there has been no indication that ZCEDC has violated any federal or state criminal statutes.

\* The CSA Director may suspend future payments to a grantee without prior notice if he determines "in his discretion that immediate suspension is necessary because of a serious risk of substantial injury to or loss of project funds or property." Termination proceedings must be initiated within ten days after summary suspension. Our review of the voluminous file underlying this matter, including most importantly CSA's recent audit completed on 2-22-77, leaves us firmly convinced that based on the present record the standard for summary suspension could not be met.

The reasons for this conclusion are as follows:

1. Violations of CSA instructions or directives occurred primarily during the pre-planning and planning grants. Each grant is separate. CSA could have developed the adverse information during prior grant periods from documents in its files furnished by ZCEDC and either corrected the problems or refused to fund the current grant. There is no indication or claim that ZCEDC has withheld information, been recalcitrant or obstructive, or failed to make the required reports and in fact, the contrary appears true.

2. The recent audit indicates that, generally, most of the problems have been corrected since CSA's November 19 letter, at least administratively, and some time must be allowed to pass in order to determine whether these administrative changes will be effective and whether future violations will occur.

3. The first formal notice given to ZCEDC of deficiencies during prior grant periods was in CSA's November 19, 1976 letter. The recent audit reveals that ZCEDC promptly revised its administrative procedures to remedy its problems. Whether these deficiencies could form an adequate basis for suspension/termination under these circumstances is certainly doubtful.

4. The most questionable and least justifiable area of ZCEDC's actions has been its use and compensation of consultants. If positive results follow CSA's recently instituted additional restrictions in this area then suspension/termination would likely not be justifiable. Continued problems in this area, such as budget overruns and overpayments for the product produced, could, however, form a substantial basis for suspension/termination.

5. CSA has yet to advance any venture capital and will not do so until ZCEDC completes a feasibility study on its proposed farming operation. The advancement of venture capital will be the next substantial outlay or commitment of funds; according to CSA, monthly administrative expenses are approximately \$19,000. Initiating suspension/termination proceedings prior to that outlay, but after the feasibility study, would be timely in that they could then be grounded on a more fundamental basis than presently exists.

6. There is a question, in our opinion, concerning the applicability of CSA's suspension/termination procedural regulations to the grant in question; on their face, the regulations did not apply to Title VII grants. If ZCEDC's actions were more flagrant or if there was indeed a substantial and immediate risk of losing federal monies we could recommend that such proceedings be instituted notwithstanding this question. However, this question could be finally resolved before such proceedings become timely if CSA would simply take the appropriate administrative action to make those regulations clearly applicable to Title VII grants.



\*

In addition to summary suspension procedures, the CSA Director may institute suspension/termination proceedings with prior notice to the grantee. For the reasons just listed, we reach the additional conclusion that these procedures should likewise be deferred.

\* It does not follow from our conclusion of a presently insufficient basis to institute suspension/termination proceedings that the ZCEDC grant must be continued until its anticipated completion date of 7-31-78. The general conditions applicable to this grant provide for suspension/termination if there is an "ineffective use" of federal funds by a grantee. Although the record now would not support an attempt to terminate the grant using this standard, in our opinion this would be the most viable basis for future action. The grantee's activities during prior grant periods, although not providing or serving as an independent basis for suspension/termination, could be used to establish a general pattern of ineffective use of funds because the focus of inquiry would be broader. In this regard, it would seem appropriate for CSA to set a completion date for ZCEDC's farming venture feasibility study. After reviewing the study against the backdrop of ZCEDC's past performance, CSA should be in a position to determine whether the project goals can be achieved with the remaining grant funds. If CSA reaches a negative conclusion, suspension/termination proceedings would appear warranted.

In conclusion, there is not an adequate basis for seeking to terminate the CSA grant to the Zavala County Economic Development Corporation at the present time. Nevertheless, this question should be reconsidered before venture capital is released and after a sufficient lapse of time for CSA to determine whether ZCEDC is likely to achieve its project goals.

THE WHITE HOUSE  
WASHINGTON

April 12, 1977

Hamilton Jordan  
Bob Lipshutz

The attached is forwarded to you  
for your information.

Rick Hutcheson

Re: Visit by Gov. Dolph Briscoe -  
Status of Zavala County  
Economic Development Corpora-  
tion.

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

Gretchen Poston

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The First Lady  
Peter Bourne  
Tim Kraft

*White House  
Followed Receipt*



cc

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
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	HARDEN
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	JAGODA
	KING

	X KRAFT
	LANCE
	LINDER
	MITCHELL
	X POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE  
WASHINGTON

MEMO TO THE PRESIDENT

FROM: GRETCHEN POSTON

DATE: April 12, 1977

Mrs. Carter asks that you please  
make the decision on the White House  
Fellows.

Thank you.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 12, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM TO MRS. CARTER

FROM: GRETCHEN POSTON *gp*  
SUBJECT: WHITE HOUSE FELLOWS RECEPTION

Dr. Peter Bourne has requested use of the State Dining Room on May 5, 1977, 5:00 - 6:30 p.m. for the annual reception for alumni of the White House Fellows program.

This reception has been held in the Dining Room each year since the program was instituted by President Johnson.

Including the Vice President, Cabinet members, and Senior White House staff there will be approximately 150 guests.

They would like an outside caterer to serve wine and cheese.

Does this meet with your approval?

*I don't care  
where it's held -*

Yes ✓

No \_\_\_\_\_ *J*

**Electrostatic Copy Made  
for Preservation Purposes**

5 4/13/77

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR BOB LIPSHUTZ  
STU EIZENSTAT

4/13/77  


FROM: RICK HUTCHESON

SUBJECT: Attached CAB Decision

Suggest that you figure out how to communicate the President's views on the attached type of CAB decision to CAB.

Pending instructions from you all to do otherwise, I have not sent CAB a copy of the President's remarks to CAB.

Also, I suggest that you communicate the President's views on this type of CAB case to OMB, NSC, and other agencies which are customarily consulted, so that they may begin to reflect the President's view.

cc: Z. Brzezinski  
Bert Lance  
Jack Watson  
Bob Linder

THE WHITE HOUSE  
WASHINGTON

cc Stu & Bob Lipschutz

ACTION  
FYI

MONDALE  
COSTANZA  
X EIZENSTAT  
X JORDAN  
X LIPSHUTZ  
MOORE  
POWELL  
X WATSON

ENROLLED BILL  
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KRAFT  
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MITCHELL  
POSTON  
PRESS  
B. RAINWATER  
SCHLESINGER  
SCHNEIDERS  
SCHULTZE  
SIEGEL  
SMITH  
STRAUSS  
WELLS  
VOORDE

THE WHITE HOUSE  
WASHINGTON

April 12, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT  
ROBERT LIPSHUTZ

*Stu*

SUBJECT:

Civil Aeronautics Board Decision:  
KLM Royal Dutch Airlines  
Societe Anonyme Belge D' Exploitation  
De La Navigation Aerienne (Sabena)

This CAB decision suspends, pending an investigation, a rate decrease on commodity rates for books proposed by KLM Royal Dutch Airlines and Sabena Airlines. The Board concluded that the fare would not cover costs. The decision is identical to the decision to suspend a rate decrease for the same commodity filed by British Airways, which you approved on March 5, 1977.

You approved the British Airways decision, but noted that you thought "the decision is wrong." To conform to your wishes, we are investigating the consequences of disapproving future CAB decisions suspending rate decreases. However, since this decision is identical to the British Airways case which you earlier approved, in the interest of equity among airlines, we recommend that you allow this decision to go into effect by taking no action, even though it is inconsistent with the general policy of reducing fares.

The Departments of State, Defense, Justice and Transportation, and the National Security Council have no objection to the Board's order. The Office of Management and Budget recommends you approve the Board's decision by taking no action.

The Board's decision becomes final unless you disapprove the order on or before April 15, 1977.

Approve \_\_\_\_\_  
(Allow the decision  
to go into effect--  
take no action)

Disapprove \_\_\_\_\_

*Reluctantly -  
this time*

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for Preservation Purposes



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

APR 7 1977

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision: KLM Royal Dutch Airlines  
Docket 30607  
Societe Anonyme Belge D'Exploitation  
De La Navigation Aerienne  
Docket 30639

The Civil Aeronautics Board has unanimously found it in the public interest to suspend, investigate, and consolidate with an earlier case, specific commodity rates on books between the United States and Amsterdam/Brussels as proposed by KLM Royal Dutch Airlines and Societe Anonyme Belge D'Exploitation De La Navigation Aerienne (Sabena). The carriers have provided no economic justification for the proposed rates, and in December 1976 and March 1977, the Board turned down similar specific commodity rate proposals. The Board's decision to suspend, investigate, and consolidate the proposed rates with an earlier case, British Airways, Docket 30549, is based on its conclusion that the fare would not cover costs. The Board's decision in this matter is consistent with other recent decisions and with its general policy of reducing reliance on discounted special commodity rates.

The Departments of State, Defense, Justice, and Transportation; and the National Security Council have no objection to the Board's proposed order. The Office of Management and Budget recommends you approve the Board's decision by taking no action.

The Board's decision becomes final unless you disapprove the order on or before April 15, 1977.

Dennis O. Green  
Associate Director for  
Economics and Government



initial needed

Attachments:

CAB letter of transmittal  
CAB order

Options and Implementation Actions:

- ☐ 1) Approve the Board's decision. (DOS, DOD, DOJ, DOT, NSC, OMB).  
-- Take no action.
- ☐ 2) Disapprove.  
-- Appropriate implementation materials to be prepared.
- ☐ 3) See me.

*I'm going to begin  
disappearing rubings which  
prevent reduced rates  
& less competition unless  
serious consequences are  
obvious. All CAB rubings  
I've seen guarantee highest  
rate options.*  
J. P.

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR BOB LIPSHUTZ  
STU EIZENSTAT

FROM: RICK HUTCHESON

SUBJECT: Attached CAB Decision

4/13/77

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cc: Z. Brzezinski  
Bert Lance  
Jack Watson  
Bob Linder

THE WHITE HOUSE  
WASHINGTON

April 12, 1977

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THE PRESIDENT

FROM:

STU EIZENSTAT  
ROBERT LIPSHUTZ

*Stu*

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KLM Royal Dutch Airlines  
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The Board's decision becomes final unless you disapprove the order on or before April 15, 1977.

Approve \_\_\_\_\_  
(Allow the decision  
to go into effect--  
take no action)

Disapprove \_\_\_\_\_

*Reluctantly -  
this time*

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

APR 7 1977

ACTION

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Dennis O. Green  
Associate Director for  
Economics and Government

initial needed

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-- Appropriate implementation materials to be prepared.
- ☐ 3) See me.

I'm going to begin  
disapproving rulings which  
prevent reduced rates  
& less competition unless  
serious consequences are  
obvious. All CAB rulings  
I've seen guarantee highest  
rate options.

J. C.

THE WHITE HOUSE  
SIGNATURE MUST BE SECURED

TO:

The Honorable Arthur F. Burns  
Chairman - Board of Governors  
of the Federal Reserve System  
Washington, D.C. 20551

DATE... 4/13/77

NUMBER 305223

TIME REC'D .....

RECEIVED BY *[Signature]* .....

DELIVERED BY *[Signature]* RICK HUTCHESON .....

RETURN RECEIPT ROOM ~~34-100-10-3~~

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

Charlie Schultze  
Stu Eizenstat  
Jack Watson

For your information the attached  
note was delivered to Arthur Burns  
today.

Rick Hutcheson

Re: Speech on International  
Finance



THE WHITE HOUSE  
WASHINGTON

to Arthur Burns

cc Schulke  
Eizenstat  
Watson

THE WHITE HOUSE  
WASHINGTON

4-12-77

To Arthur Burns

Your entire speech was helpful to me. I've already seen the need for IM7 type constraints & OPEC cooperation in an increased energy conservation effort.

I look forward to seeing you regularly from now on.

Jimmy



CHAIRMAN OF THE BOARD OF GOVERNORS  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

April 12, 1977

The President  
The White House  
Washington, D. C.

Dear Mr. President:

I am enclosing a copy of a speech that I am giving in New York tonight. The subject, as you may recall, is the need for order in international finance.

The summary, which starts on page 20, may be all that you can find time for.

With best wishes,

Sincerely yours,

A handwritten signature in dark ink, appearing to be "A. F. Burns", written in a cursive style.

Arthur F. Burns

Enclosure

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

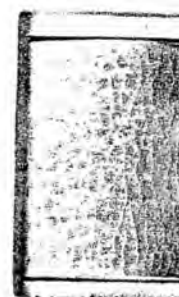
Tim Kraft

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Fran Voorde  
Tim Smith

Re: Meeting with Secretary Brown



cc  
Tina Smith

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
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	IMMEDIATE TURNAROUND

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	BRZEZINSKI
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	HARDEN
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	JAGODA
	KING

X	KRAFT
	LANCE
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	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
X	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

4/12

MR. PRESIDENT:

Harold Brown will be out of town Wednesday, but is available to give his PRM-10 briefing at 4:30 Thursday. It will take about an hour.

TGS

*ok*  
*J*

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for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

Jack Watson -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat  
Jim King

Re: Reform of Federal Regional  
Organization



THE WHITE HOUSE  
WASHINGTON

Mr. President:

Eizenstat, Harden and Hugh  
Carter concur with Watson.  
No comment from Jordan or  
Jim King.

Rick

—      cc  
to Jack

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
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	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.  
THE WHITE HOUSE  
WASHINGTON

*Let's complete the  
analysis - C*

April 8, 1977

MEMORANDUM FOR: The President  
FROM: Jack Watson *Jack*  
SUBJECT: Reform of Federal Regional Organization

The purpose of this memorandum is to bring you up to date on several federal "regional" issues on which we are working.

I. Study of Federal Regional Councils (FRCs).

In conjunction with the Reorganization staff at OMB and after consultation with the Under Secretaries Group, we are reviewing the FRCs, Title V Economic Development Commissions, the Title II River Basin Commissions, and the Appalachian Regional Commission. The study will be coordinated with Greg Schneiders' review of the Federal Information Centers, and with the departments' reviews of their own regional organizations. We expect to be able to circulate an "alternatives paper" for discussion with federal, state and local government officials and others within the next couple of weeks. Final options will be ready for your review shortly thereafter. In the next few days, we will send interim guidance to the FRCs and the Under Secretaries telling them what we are doing and that we expect the FRCs to perform their existing coordinating functions more effectively while overall regional questions are under review.

II. Federal Co-chairman and Federal Staffing  
of Title V Commissions.

Both at your meeting with the Governors and in a subsequent discussion with Stu Eizenstat you suggested the possibility of the states' Co-chairman of the Title V Commission also serving as federal Co-chairman. You also expressed concern about the possible duplication resulting from maintenance of a federal staff, separate from the Commissions' regular staff.

**Electrostatic Copy Made  
for Preservation Purposes**

The President  
April 8, 1977  
Page Two

I understand that you have now decided to approve candidates for the six vacant federal co-chairmanships. On the assumption that your basic concern in this matter is to avoid unnecessary duplication of personnel and unnecessary federal intrusion, I suggest that the new appointees be alerted to the fact that the Title Vs are under review and, further, that you expect them to reduce their own federal staff in favor of joint staff serving the Commission as a whole.

Our study of the FRCs may lead to a recommendation for combining the FRCs and Title V Commissions to form an inter-governmental forum for coordinating federal-state-local efforts to deal with true regionwide problems. If that occurs, the federal Co-chairman of the Title V could also assume the role now held by the FRC chairman. All of these possibilities, of course, raise important policy and political questions that will require further review.

### III. Designation of Additional Title V Commissions.

Various Governors have applied for designation of five additional Title V Commissions. If all were approved, Title V Commissions would more or less blanket the country. The Commerce Department has the authority to approve the applications for designation, but Secretary Kreps is seeking guidance on how to proceed.

Two applications (one for a Mid-America Title V covering Illinois, Indiana, Iowa, and most of Ohio, and the other for a Mid-Atlantic Title V covering Delaware, Maryland, New Jersey, New York, and Pennsylvania) clearly meet the legal criteria. The areas are experiencing substantial economic distress and dislocation and have growth rates well below the national average. Taken together, the two regions comprise about half of the so-called "frost-belt" region.

The other three applications are of less urgency and more questionable merit. (Two are single state requests from California and Texas. The third is for an Antilian Title V covering Puerto Rico and the Virgin Islands.)

The President  
April 8, 1977  
Page Three

Designation of Title Vs has some potential budget impact since each Commission receives an annual federal payment. There are sufficient funds in the fiscal year 1977 budget to cover the federal costs of two new Title Vs. The FY 1978 budget contains funds sufficient to cover the costs of the pre-existing Title Vs and one new Commission. An additional new Commission would require an increase above requested levels of \$700,000.

I recommend approval of the Mid-America and Mid-Atlantic applications now since a small federal contribution could facilitate needed regional coordination and could be leveraged to promote much-needed regional economic development. The applications from these two regions have received substantial political support from the Congress as well as from the affected states.

Approve the designation of all five applications \_\_\_\_\_

Approve the designation of the Mid-America  
and Mid-Atlantic applications \_\_\_\_\_

Disapprove the designation of all five applications ✓

THE WHITE HOUSE

WASHINGTON

Date: April 8, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat *concur*  
Ham Jordan  
Hugh Carter *concur*  
Richard Harden *concur*  
Jim King *nc*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Jack Watson memo 4/8/77 re: Reform  
of Federal Regional Organization

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 3 P.M.

DAY: Monday

DATE: April 11

ACTION REQUESTED:

☒ Your comments  
Other:

STAFF RESPONSE:

☐ I concur. ☐ No comment.  
Please note other comments below:

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
X	EIZENSTAT
X	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
X	H. CARTER
X	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
X	HARDEN
X	HOYT
	HUTCHESON
	JAGODA
X	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE



4/8

Date: April 8, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Ham Jordan  
Hugh Carter  
Richard Harden  
Jim King

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

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TIME: 3 P.M.

DAY: Monday

DATE: April 11

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.

☐ No comment.

Please note other comments below:

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If you have any questions or if you anticipate a delay in submitting the required

THE WHITE HOUSE

WASHINGTON

Date: April 8, 1977

MEMORANDUM

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Stu Eizenstat  
Ham Jordan  
Hugh Carter  
Richard Harden  
Jim King

FOR INFORMATION:

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TO THE STAFF SECRETARY BY:

TIME: 3 P.M.

DAY: Monday

DATE: April 11

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.

☐ No comment.

*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

*President did  
not see*

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

Hamilton Jordan  
Hugh Carter  
Richard Harden

The attached is forwarded to you  
for your information.

Rick Hutcheson

Re: President's Reorganization  
Project Progress Report No. 3

THE WHITE HOUSE  
WASHINGTON

*Done*  
*not to go*  
*to President*

ACTION  
FYI

<input type="checkbox"/>	MONDALE
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<input type="checkbox"/>	EIZENSTAT
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<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

<input type="checkbox"/>	FOR STAFFING
<input checked="" type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

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<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
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<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

## President's Reorganization Project

### Progress Report No. 3

April 8, 1977

#### Summary

The Reorganization Authority legislation was signed April 6 and our Executive Office of the President project was announced to the press the same day. The Management Review Group for the President's Reorganization Project met with the President April 5 to discuss work in progress. There will be a briefing on reorganization at the Cabinet meeting on April 11.

Our priority projects are proceeding as planned (see summary below). The Executive Office of the President project is completing its factfinding stage and plans to complete its first survey memo next week. Reports have been received from agencies on paperwork reduction and most departments have set goals as requested.

The President gave his support to the transfer of the Mine Enforcement Safety Administration legislation from Interior to Labor. Wellford has met with various agency officials to discuss intradepartmental plans and more meetings are scheduled for next week.

Project planning has also moved forward. Our supplemental appropriation to fund the reorganization effort is expected to clear Congress shortly. We have finished the compilation of Executive Branch units and will send them out for Cabinet review next week. We have also developed work plans for conducting the initial surveys of organization options in the six functional areas.

#### Current Activities

##### Reorganization Authority: Completed

Both Houses have passed the reorganization authority legislation and the President signed it on April 6.

##### Project Planning and Organization

We have completed our first draft of the inventory of Executive Branch units which will be used to define the scope of the government-wide survey of units. A chart showing all units was distributed at the press conference. We have begun to allocate the units among the functional area teams. We have developed



a draft work program to guide the teams as they conduct their agenda setting activity. Finally, we have continued our work on standard procedures for the project.

#### Coordination Among Reorganization Initiatives

The President has signed a Memorandum to Department heads on coordination among departmental and OMB reorganization efforts. The Cabinet will be briefed on the reorganization project at their regular Monday Cabinet meeting. Harrison Wellford will follow up by meeting with Department heads during the next several weeks.

#### Projects Underway

Substantial staff work has been completed on these projects. The President's Reorganization Project is committed to an early and complete examination of the units involved.

1. Executive Office of the President

The main work of the project has been the fact gathering process and analysis of the data received. Reports on this activity will begin next week. In addition, a press briefing kit has been developed and the project has been formally announced. The Senior Advisory Group also met last week, including Lance, Schultz, Jordan, Watson, and Eisenstat.

2. Improvement and Consolidation of Oil Pollution Programs: Completed

The President's Reorganization Project has terminated its involvement. The Department of Transportation is responsible for implementation.

3. Advisory Committee Reduction

Reports are due from the agencies on April 15. Departmental reviews appear to be progressing satisfactorily. OMB has refused to approve several recent requests for new advisory committees.

4. Civil Rights Consolidation

A memo of next steps has been prepared. Preliminary option papers are being reviewed by outside consultants. A project manager will be announced shortly.

5. Regulatory Reform

- (a) Airline Deregulation: Hearings are scheduled to be completed in the Senate on April 7. They will probably begin in the House in mid-May.
- (b) Consolidation of consumer agencies: The President announced, in the Consumer Message, that OMB would proceed rapidly on proposals for consolidating existing consumer agencies into the new Agency for Consumer Advocacy.
- (c) Economic Impact Analysis: A sub-committee of the Economic Policy Group has been drafting procedural improvements.
- (d) Action Agenda: A draft message has been prepared for the President. Issue papers are proceeding.
- (e) Truck Deregulation: In response to the President's statement, an options memo on this subject is being prepared.

6. Paperwork Reduction

Reports have been received from all the departments and major agencies which describe their work plans and set goals. Most of the goals are established at between 5 and 10 percent reduction.

7. Federal Regional Councils

The work plan for the study has been completed and Dick O'Brien of the Intergovernmental Relations and Regional Operations division will manage the project, with the assistance of Jack Watson's staff and the Undersecretaries group. It is anticipated to be completed in approximately one month.

8. Federal Information Centers

A decision memo has been sent to the President which contains the assessment and a series of alternatives.



9. Intergovernmental Management Circulars

- (a) The A-95 questionnaire will be distributed to public interest groups next week.
- (b) An A-85 review is being designed; review is to begin within 30 days.

Other

1. Projects Coordinated by Reorganization Project

Some reorganization analyses and proposals are not being directly performed from OMB. The reorganization project will monitor and coordinate these efforts but will not devote substantial staff resources to them.

(a) Department of Energy

Hearings have been completed in the Senate and are going forward in the House.

(b) Drug Enforcement

Preliminary work plan designed by Dr. Bourne

(c) Mine Enforcement Safety Administration Transfer

The President has decided to support the transfer of MESA from Interior to Labor.

(d) United States Information Agency

Correction from last report: The project concerns possible consolidation of functions promoting U.S. foreign policy aims and cultural affairs/exchange and information functions. A memo has been sent to Wellford. Meetings will be scheduled with White House staff and key agency officials next week.

2. Projects Under Development

This group of projects has not been extensively staffed. They will probably develop as full scale initiatives within the next several weeks.

(a) Consolidation of Statistical Agencies

Option paper being prepared.

(b) Personal Records Systems

Agencies have returned reports on reductions in numbers of personal record systems which are now being analyzed. Next step is to send comments back to the agencies.

(c) Automated Data Systems

Option papers being prepared.

(d) Federal Field Operations

Most agencies conducting their own studies; plan for further action to be defined.

(e) Joint Funding

Review of joint funding administrative and legislative problems being designed.

For further information  
please contact:

Katie Beardsley  
395-5120

THE WHITE HOUSE  
WASHINGTON

4/13/77

TO: Rick Hatcherson

For Your Information: \_\_\_\_\_

For Appropriate Handling: ✓

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

RDL  
Robert D. Linder

THE WHITE HOUSE  
WASHINGTON

April 13, 1977

Tim Smith -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

Re: Rev. Billy Graham

—

*cc  
Tim Smith*

THE WHITE HOUSE  
WASHINGTON

ACTION	
FYI	
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
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	ARAGON		KRAFT
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	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT	X	SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE WHITE HOUSE  
WASHINGTON

4/12

THE PRESIDENT HAS SEEN.

MR. PRESIDENT:

Rev. Graham called you over the weekend in Calhoun to thank you for your call to the girl whose citizenship you helped restore and to express his support for your human rights position.

Attached is a possible draft if you wish to return his phone message.

TGS

no

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON  
April 12, 1977

To Reverend Billy Graham

Thank you for your kind telephone message last weekend. I especially appreciate your expressing your support for my stand on the human rights issue.

Please continue to let me have the benefit of your advice and your prayers.

Sincerely,



The Reverend Billy Graham  
Montreat, North Carolina 28757

Electrostatic Copy Made  
for Preservation Purposes





THE PRESIDENT'S BUDGET  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

April 13, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

BERT LANCE *by Jim McIntyre*

SUBJECT:

Budget Committee Marks on the First  
Resolution for 1978

The Senate Budget Committee has completed mark-up on the First Budget Resolution for 1978. The totals adopted by the Budget Committees are as follows:

	<u>February budget</u>	<u>House Committee</u>	<u>Senate Committee As Adopted</u>	<u>Adjusted<sup>1/</sup></u>
Receipts.....	401.6	398.1	395.6	396.6
Outlays.....	459.4	462.3	458.8	459.8
Deficit.....	-57.7	-64.3	-63.2	-63.2
Budget authority.	507.3	500.8	497.4	498.4

<sup>1/</sup> For comparability with budget and House treatment of the earned income credit.

The Senate Committee deficit is \$5.5 billion higher than the February budget. Adjusting for accounting differences, receipts are \$5 billion below the budget, and outlays are \$1/2 billion higher.

More pessimistic economic assumptions account for half of the difference in receipts between the February budget and the Senate Committee. The remaining difference is due to a larger stimulus package (\$2.3 billion), and technical estimating and minor policy differences. The size of the stimulus package and estimating differences also account for the difference in receipts between the House and Senate Committees.

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for Preservation Purposes

After setting tentative outlay totals for each function, the Senate Budget Committee was \$2.3 billion above the budget. They then went through a ratchet exercise and ended up only \$0.4 billion above the February budget. While the Senate and February budget outlay totals are similar, there are some differences in the components.

Unlike the House Committee, the Senate marks for defense are close to the budget request. Removal of the contingency allowance and a variety of estimating differences -- both up and down -- account for most of the outlay differences. The Senate Committee estimates also assume continuation of the water resource projects and higher than requested funding for veterans benefits, education, and community and regional development programs other than the block grant.

The Senate Committee marks for international affairs are substantially below the budget -- \$1 billion in budget authority but half of this cut reflects a downward reestimate for the Export-Import Bank. The Senate Committee also reduced budget authority for housing programs by \$7 billion below the budget request.

The Senate Committee marks are below the House Committee for most functions. The Senate Committee is significantly above the House Committee in only three functions -- defense, agriculture, and education, training and employment. Unlike the House Committee, the Senate Committee assumed continued forward funding of public service employment.

Tables 1 and 2 show the functional totals adopted by the Committees. A discussion of the functional totals adopted by the Committees is also attached.

Attachments

Table 1  
1978 Budget Authority -- Presidential and Congressional Estimates  
(in billions of dollars)

	February Budget	First Resolution	
		House Committee	Senate Committee
National Defense.....	120.1	116.0	120.3
International affairs.....	10.3	9.5	9.3
General science, space and technology.....	4.9	4.9	4.9
Natural resources, environment and energy..	20.5	21.0	20.5
Agriculture.....	2.7	2.2	2.2
Commerce and transportation.....	19.5	20.6	19.4
Community and regional development.....	9.4 <u>1/</u>	8.2	7.6
Education, training, employment and social services.....	26.7	22.7	27.1
Health.....	47.8	47.7	48.0
Income security:			
As shown.....	179.8	182.7	173.7
Comparable basis <u>2/</u> .....	(179.8)	(182.7)	(174.7)
Veterans benefits and services.....	19.1	19.9	19.8
Law enforcement and justice.....	3.8	3.6	3.8
General government.....	3.8 <u>1/</u>	3.9	3.8
Revenue sharing and general purpose fiscal assistance.....	10.7	9.8	9.8
Interest.....	41.8	43.0	43.0
Allowances.....	2.9	1.1	.8
Undistributed offsetting receipts.....	<u>-16.7</u>	<u>-16.0</u>	<u>-16.6</u>
Total budget authority:			
As shown.....	507.3	500.8	497.4
Comparable basis <u>2/</u> .....	(507.3)	(500.8)	(498.4)

1/ Adjusted for comparability with congressional classification of a \$125 million account for Indian Claims. This account was classified in general government in the President's budget and is classified as community development in the congressional estimates.

2/ Adjusted for comparability with the budget treatment of the earned income credit. The budget and the House treat "refunds" in excess of tax liabilities as income security budget authority and outlays. The Senate treats them as offsets to receipts.

Table 2  
1978 Outlays -- Presidential and Congressional Estimates  
(in billions of dollars)

	February Budget	First Resolution	
		House Committee	Senate Committee
National Defense.....	111.9	109.6	111.6
International affairs.....	7.8	7.4	7.3
General science, space and technology.....	4.7	4.7	4.7
Natural resources, environment and energy...	20.5	20.7	19.9
Agriculture.....	2.3	2.9	3.7
Commerce and transportation.....	20.1	20.3	19.1
Community and regional development.....	10.1 <u>1/</u>	10.7	10.9
Education, training, employment and social services.....	26.5	27.8	27.0
Health.....	44.5	44.2	44.4
Income security:			
As shown.....	146.5	148.3	145.9
Comparable basis <u>2/</u> .....	(146.5)	(148.3)	(146.9)
Veterans benefits and services.....	19.1	19.9	19.8
Law enforcement and justice.....	3.9	3.8	3.9
General government.....	3.8 <u>1/</u>	4.0	3.8
Revenue sharing and general purpose fiscal assistance.....	9.7	9.8	9.7
Interest.....	41.8	43.0	43.0
Allowances.....	2.7	1.0	0.9
Undistributed offsetting receipts.....	<u>-16.7</u>	<u>-16.0</u>	<u>-16.6</u>
Total outlays:			
As shown.....	459.4	462.3	458.8
Comparable basis <u>2/</u> .....	(459.4)	(462.3)	(459.8)

1/ Adjusted for comparability with congressional classification of a \$125 million account for Indian Claims. This account was classified in general government in the President's budget and is classified as community development in the congressional estimates.

2/ Adjusted for the comparability with the budget treatment of earned income credit. The budget and the House treat "refunds" in excess of tax liabilities as income security budget authority and outlays. The Senate treats them as offsets to receipts.



National defense.--The Senate Committee mark for defense outlays is \$0.3 billion below the February budget. Budget authority is \$0.2 billion above the budget.

This level apparently assumes an increase for procurement and R&D (\$1.0 billion in BA and \$0.5 billion in outlays), offset by a cut for personnel and absorption of 15% of the pay raise (\$0.8 billion in BA and outlays).

The House Committee mark assumes a variety of cuts and downward reestimates for defense. In comparison to the House Committee, the Senate is \$4.3 billion higher in BA and \$2.0 billion higher in outlays.

International affairs.--The Senate marks for this function are \$1.0 billion below the budget in BA and \$0.5 billion lower in outlays. The Senate Committee is also slightly below the House Committee -- \$0.2 billion in BA and \$0.1 billion in outlays.

Both Committee marks assume a downward reestimate of BA and outlays for the Export-Import Bank and rejection of the budget request for \$150 million of borrowing authority for the Overseas Private Investment Corporation. In addition, each assumes cuts in foreign aid of between \$0.1 billion and \$0.3 billion in other foreign aid.

General science, space and technology.--The Senate Budget Committee, like the House Committee, accepted the budget levels.

Natural resources, environment and energy.--Throughout the discussion of this function there was considerable concern about the April 20 energy policy statement of the President, and awareness that the plan might seriously affect this function in a way that could not now be determined. Despite the need to agree on a total at this time, there seemed to be general consensus that the number might be changed substantially as a result of the energy policy statement.

The BA mark for this function adopted by the Senate Committee is the same as the February budget. The Committee basically assumed a current policy level for most programs, plus selected increases for energy. Implicitly, the Committee rejected the proposed cuts for water resources. The level of budget authority assumed for EPA construction grants appears to be roughly the same as the budget. While the Committee increased energy programs above current

policy, budget authority assumed for energy appears to be roughly \$1 billion below the budget. Presumably, most of the difference reflects lower authority for the petroleum reserve than requested in the budget. The Senate Committee mark for BA is \$0.5 billion below the House Committee.

The Senate Committee estimate of outlays is \$0.6 billion below the budget. The Committee estimates assume lower outlays for EPA construction grants and energy, partly offset by higher outlays for water resource programs. The Senate Committee estimate of outlays is \$0.8 billion below the House Committee.

Agriculture.--The Senate Committee mark for agriculture outlays is \$1.4 billion above the February budget. The Committee estimate assumes that the actions recently announced by Secretary Bergland increase outlays by \$1.3 billion and they provided for a further increase of \$0.1 billion. The Senate Committee outlay estimate is \$0.8 billion above the House Committee, but Giaimo has indicated that the House estimate will be amended on the floor.

Both the Senate and House Committee marks for budget authority are \$0.5 billion below the February budget. This reflects a reduction of \$0.7 billion for prior year losses included in the spring supplemental for 1977, partly offset by an increase of \$0.2 billion for other programs.

Commerce and transportation.--The Senate Budget Committee is \$0.1 billion below the budget in budget authority and \$0.8 billion below the budget in outlays, largely due to estimating and technical differences.

Neither the House nor Senate Committee marks include outlays associated with the business tax credit in the stimulus proposals (\$0.2 billion). The House treats them as outlays but excluded them because they are not in the House-passed tax bill, and the Senate does not treat them as outlays.

The Senate Committee mark is considerably below the House Committee, which added funds for small business loans and transportation. In total, the Senate Committee is \$1.2 billion below the House Committee for both budget authority and outlays.

Community and regional development.--The Senate Committee mark is \$1.8 billion below the budget in budget authority, but \$0.6 billion higher in outlays.

Both the House and Senate Committee marks assume that the \$2.0 billion of budget authority for local public works requested in the budget for 1978 will be provided in 1977. The Senate (but not the House) Committee assumed a lower level for community development block grants than requested in the budget (\$0.5 billion in BA and \$0.2 billion in outlays). Both committees assumed increases of \$0.8 or \$0.9 billion in budget authority and outlays for other programs. The Senate Committee mark is below the House Committee by \$0.6 billion in budget authority and \$0.2 billion in outlays.

Education, training, employment and social services.-- The Senate Committee mark for this function is \$0.4 billion above the budget in budget authority and \$0.5 billion in outlays. Largely because of different assumptions for continued forward funding of public service jobs, the Senate Committee mark for budget authority is \$4.4 billion above the House Committee mark.

The major components assumed in the Senate Committee mark appear to be as follows:

- Education.-- Budget authority for education is about \$2 billion above the budget and \$1/2 billion above the House Committee. The Senate Committee estimate of education outlays is \$1/2 billion above the budget, but \$1/2 billion below the House Committee. Both Committee marks assume rejection of the budget proposals to reform impact aid and eliminate the National Direct Student loan program. The Senate Committee also increased budget authority assumed for other education programs by about \$1 billion above the the budget request. The Senate Committee assumed higher budget authority than both the budget and the House Committee for several education programs, notably Title I aid and Basic Educational Opportunity Grants, partly offset by a downward reestimate for higher education.
- Training and employment.-- The Senate Committee mark for budget authority for public service employment is \$1.5 billion below the budget. The Third Resolution for 1977 covered the 1978 amounts requested in the budget for public service jobs. The Senate Committee mark assumes continued forward funding, but at a reduced level (\$4.4 billion). The Senate assumes a level of 500,000 public service jobs in 1979, compared to 725,000 in 1978.



The House Committee estimates did not include forward funding for 1979 public service employment. Budget authority for public service employment assumed in the House Committee mark is, therefore, \$4.4 billion below the Senate Committee. The House Committee did include \$.2 billion of authority for other training programs not included in the Senate Committee mark.

-- Social services.--The Senate Committee estimates for BA and outlays appear to be \$0.1 billion above the budget, but \$0.1 billion below the House Committee.

Health.--The Senate Committee mark is roughly the same as the budget. BA is \$0.2 billion higher and outlays are \$0.1 billion lower. There was no discussion about the amounts assumed for specific programs.

The Senate Committee mark is above the House Committee by \$0.3 billion in BA and \$0.2 billion in outlays.

Income security.--As voted, the Senate Committee mark for outlays is \$0.6 billion below the February budget. Adjusting for the earned income credit, which the Senate considers an offset to receipts, the Senate Committee outlay mark is \$0.4 billion above the budget. Most of the differences appear to be estimating differences -- with higher outlays for social security (the Goldfarb case) and unemployment benefits, partly offset by lower estimates for welfare and food benefits.

Both the House and Senate Committee marks assume the social security cuts proposed in the budget (\$0.8 billion). Unlike the budget, they also assume liberalization of benefits to coal miners (\$0.1 billion). Adjusting for the earned income credit, the Senate Committee estimate of outlays for income security is \$0.3 billion below the House. Most of the difference appears to be an estimating difference. In addition, the House estimates assumed some benefit increases, notably for SSI, that do not appear to be in the Senate mark.

The Senate Committee mark for budget authority is \$5.2 billion below the comparable budget estimates due to a \$7.0 billion cut in authority for housing assistance and estimating differences. The Senate Committee mark is \$8 billion below the House Committee, largely for the same reasons.

Veterans.--The Senate Committee mark for veterans is \$0.7 billion above the budget for both BA and outlays. The Committee mark reflects current policy levels, plus discretionary increases in health programs proposed in the budget. Implicitly, the Committee rejected the cost savings proposal and assumed a cost-of-living for GI bill.

The Senate Committee marks are \$0.1 billion below the House Committee.

Law enforcement and justice.--The Senate Budget Committee adopted the levels requested in the budget. The Senate Committee marks are slightly above the House Committee (\$0.2 billion in BA and \$0.1 billion in outlays).

General government.--The Senate Committee marks are identical to the budget. The Senate is slightly below the House Committee, which added \$0.1 billion in BA and \$0.2 billion in outlays.

Revenue sharing and general purpose fiscal assistance.--For budget authority the Senate Committee mark, like the House Committee is \$0.9 billion below the budget. The Senate Committee, like the House, dropped the taxable bond initiative included in the budget. The Senate Committee estimate for outlays is the same as the budget and \$0.1 billion below the House Committee.

Interest.--Both the Senate and House Committee estimates are \$1.2 billion above the budget, largely because the Committee estimates assume a rise in interest rates.

Allowances.--Both the House and Senate Committees eliminated the contingency allowance and assumed some pay absorption. The Senate is below the budget by \$2.1 billion in BA and \$1.8 billion in outlays. The Senate Committee is also slightly below the House Committee -- \$0.3 billion in BA and \$0.1 billion in outlays.

Undistributed offsetting receipts.--The Senate Committee estimate is only \$0.1 billion below the budget. The Senate Committee estimate of offshore oil receipts is \$2.7 billion -- \$0.8 billion below the February budget. This decrease is largely offset by higher estimates for interest received by trust funds and employer share retirement.

The Senate Committee estimate is \$0.6 billion above the House Committee -- largely because the House assumed OCS receipts of only \$1.9 billion.

HJ.

4-13-77  
to state

THE PRESIDENT HAS SEEN.

Recap of My Thoughts/A Few Suggestions

1. The best politics - in the long run - is the correct economic policy. Some of the immediate problems created by the withdrawal of the rebate (Carter Ducks Fight with Congress/Carter Gives Up on Rebate/Carter Gives In to Business Pressures) will fade, and four years from now your prospects for re-election will be determined to a large extent by economic conditions in the country. If economic conditions are good, you will be undefeatable. If economic conditions are bad, you will be vulnerable to challenge within your own party - particularly if you are successfully accused of being a Democratic President who failed because he pursued traditional Republican economic policies.
  
2. If you choose to abandon the rebate, don't do so without consultation with Congressional leaders and labor. The reason for Congressional consultation is obvious. I hope you will put aside your irritation with labor resulting from your recent unpleasant encounter long

**Electrostatic Copy Made  
for Preservation Purposes**

enough to talk with Mr. Meany about what you are going to do. They were initially against the rebate and have only recently agreed to support it at our request. If they read about it in the paper after they have begun to work for it, we will <sup>have</sup> organized labor against us on everything. We don't need that.

3. You may be able to separate in your own mind the "linkage" between water projects and other matters, but don't think for one minute that Russell Long will be able to. If the Red River Dam and the Tennessee Tombigbee are more important to you than tax reform and welfare reform, so be it. These measures are going to be difficult even with Russell Long's support. With him neutral or against us, they will never pass.

4. If you withdraw the rebate, confront the issue head-on. Don't say that you changed your mind. Admit that passage was going to be difficult, but state accurately that the overriding factor was the improved and different economic circumstances.

THE WHITE HOUSE

WASHINGTON

TO: The President

April 12, 1977

FROM: Walt Wurfel *W*

SUBJECT: Your 3:15 p.m. Wednesday meeting to accept National Press Club membership card.

Robert Farrell, president of the club, will make the presentation. He will be accompanied by Robert Alden, the immediate past president.

Farrell is Washington bureau chief of McGraw Hill (Business Week). You visited him in his office in 1975; he interviewed you last year in New York, and in Georgia at the start of the fall campaign. Alden is biographies (obituary) editor of the Washington Post.

Every president since Truman, with the exception of Nixon, has been an associate member of the club, paying annual dues (now \$220).

You were invited to attend Farrell's installation as president two months ago. The Vice President attended as your representative.

Farrell will remind you of a long-standing invitation to speak at one of the club's weekday newsmaker luncheons. Jody will soon recommend to you that you do so within the year as part of an overall plan for meetings with media groups.

The meeting is scheduled to last 5 minutes.



THE WHITE HOUSE

WASHINGTON

Meeting with Dr. Joseph E. Lowery, Chairman of the Board &  
Members of the Board of the  
Southern Christian Leadership Conference

Wednesday, April 13, 1977  
9:15 a.m. (5 minutes)  
The Cabinet Room

From: Bunny Mitchell

B

I. PURPOSE:

- A. To discuss impact of Administration's domestic proposals on minorities/poor Americans:
  - . Food Stamp Program
  - . Youth Employment
  - . Government Reorganization
- B. To seek Presidential support for moratorium on new U.S. business with South Africa.
- C. Minority Appointments; particularly Black Atlantans.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN:

- A. Background: Dr. Joseph E. Lowery, Acting President and Chairman of the Board of the Southern Christian Leadership Conference, requested a meeting with you to coincide with their spring meeting here in Washington.
- B. Participants: The President  
The Vice President (will begin meeting at 9:00 a.m.)  
Bunny Mitchell  
Dr. Joseph E. Lowery  
(see attached list of attendees at TAB A.)
- C. Press Plan: Press photo at beginning of meeting.  
White House photographer present.



III. TALKING POINTS:

1. Goals/timeframe for major social welfare initiatives; importance of public input.
2. On-going communications: arrange periodic meetings with Bunny's office to make input; to develop special activities for constituents.
3. Southern Africa foreign policy highlights.
4. Minority appointees (Atlanta-based)

Andy Young; Alexis Herman (Department of Labor);  
George Miller (Department of Treasury);  
Edie Draper (White House Staff); Ben Brown (DNC);  
Others are being considered for the Department  
of Commerce, and HUD.

LIST OF ATTENDEES:

Dr. Joseph E. Lowery  
Chairman of the Board  
and Acting President - Southern Christian Leadership Conference

MEMBERS OF THE BOARD:  
(SCLC)

Dr. Claud Young (Coleman Young's Detroit, Michigan	cousin)	Reverend S. L. Harvey New Orleans, Louisiana
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Reverend Bernard Lee Atlanta, Georgia	Dr. Ed Irons Atlanta, Georgia
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Hosea Williams Atlanta, Georgia	Mr. Richard Turner Sandersville, Georgia
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Dr. M. J. Jones Atlanta, Georgia	Reverend Garnett Hennings Los Angeles, California
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Reverend Emanuel Cleaver Kansas City, Missouri	C. T. Vivian Atlanta, Georgia
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Mrs. Johnny Carr Montgomery, Alabama	Reverend Fred Taylor Atlanta, Georgia
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Reverend John Nettles Anniston, Alabama	Reverend Frank Williams Washington, D.C.
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Reverend N. Q. Reynolds  
Anniston, Alabama

Mr. Clyde Brooks  
Evanston, Illinois

Reverend John Adams  
Washington, D.C.

Attorney Chauncey Eskridge  
Chicago, Illinois

Mr. Henry Silver  
Washington, D.C.

Dr. Bernard Bridges  
Atlanta, Georgia

THE WHITE HOUSE

WASHINGTON

April 12, 1977

MEETING WITH SALLY STRUTHERS OF "ALL IN THE FAMILY"  
AND REPRESENTATIVES OF THE TREASURY DEPARTMENT

Wednesday, April 13, 1977

8:00 a.m. (5 minutes)

Oval Office

From: Hugh Carter *HC*

I. PURPOSE

To greet Sally Struthers in the Oval Office and proceed immediately to the Roosevelt Room to kick off the Savings Bond campaign among the White House Staff.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Sally Struthers, who plays Gloria on "All in the Family" is the Honorary Chairman of the Federal Savings Bond Campaign this year. The dates for this campaign are from today, April 13 through April 30.

Savings Bonds play a vital role in our national economic stability as they provide non-inflationary financing of government programs. Current holdings, by millions of Americans, amount to some \$68 billion which represents 20% of the publicly-held portion of the national debt. If Bonds had not been purchased (approximately \$7 billion in 1975), that much more money would have to be raised through private financial institutions which would result in greater inflationary pressures than we have now.

- B. Participants: The President  
Sally Struthers  
Gilbert Goff, Federal Payroll Savings  
Director, Treasury Department  
John Breen, Radio and TV Manager,  
Federal Payroll Savings Office  
Pamela Sharp, Miss Struthers' agent  
Staff: Hugh Carter

- C. Press Plan: White House photographer only

III. TALKING POINTS

1. I would like to encourage all the department heads to be actively involved in this Savings Bond Campaign.
2. In 1976, the White House Staff had only 45% participation -- our goal is 75% participation.
3. We want the White House and Federal Government to set an example for the rest of the Nation by investing regularly through the payroll savings plan.
4. Hugh Carter has been asked to be the Chairman of the campaign for the White House Staff, and will be coordinating with the department heads on the details.